

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

FINANCIAL REPORT

DECEMBER 31, 2012



WIGGINS
CERTIFIED
PUBLIC
ACCOUNTANTS **& CO.**.P.C.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY

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Keddington & Christensen, LLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Stansbury Service Agency of Tooele County

We have audited the accompanying financial statements of the governmental activities and each major fund of Stansbury Service Agency of Tooele County (the Agency) as of and for the year ended December 31, 2012, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Stansbury Service Agency of Tooele County as of December 31, 2012, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2013 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Keddington & Christensen

June 11, 2013

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

This section of the Stansbury Service Agency of Tooele County's annual financial report presents our discussion and analysis of the Service Agency's financial performance during the fiscal year ended December 31, 2012. Please read it in conjunction with the transmittal letter at the front of this report and the financial statements, which follow this section:

FINANCIAL HIGHLIGHTS

- The Stansbury Service Agency of Tooele County's *total combined net position* are \$21,834,165.
- During the year, the Service Agency program *expenses* were \$897,373.
- The changes in net position amounted to \$711,761.
- During the year, the Service Agency program *revenues* were \$563,427 and general revenues were \$1,045,707.
- During the year, the Service Agency collected \$1,035,697 in *property taxes*, an increase of \$211,195 from 2011.
- The *general fund* balance is \$631,590, all of which is unassigned.
- The *capital projects fund balance* is \$1,051,956, of which \$429,150 is restricted and \$622,806 is assigned.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Stansbury Service Agency of Tooele County's basic financial statements. The Service Agency's basic financial statement comprises two components: 1) government wide financial statements and 2) fund financial statements.

The basic financial statements include two kinds of statements that present different views of the district:

- The Statement of Net Position provides government-wide long-term and short-term information about the Service Agency's overall financial status.
- The Governmental Funds Balance Sheet, and Reconciliation of Balance Sheet, provides government-wide long-term and short-term information about the Service Agency's restricted and unrestricted assets, liabilities, and fund balances.
- The Statement of Revenues, Expenses, & Changes in Fund Balances and its Reconciliation provide government-wide information about the Service Agency's revenues and expenses for the year.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

Government-wide statements:

The government-wide statements report information about the Service Agency as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

Fund Financial Statements:

The fund financial statements provide more detailed information about the Service Agency's most significant funds – not the Service Agency as a whole. Funds are accounting devices that the Service Agency uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The Service Agency has two funds:

- General fund
 - This is the general operating fund of the Agency. The general fund is used for all financial resources except those required to be accounted for in another fund.
 - The general fund increased by \$258,660 from 2011 to 2012.
- Capital projects fund
 - This fund is used to account for financial resources used in major capital construction projects. Funds used for such projects are provided by impact fees, capital grants, and transfers from the general fund.
 - The capital projects fund increased by \$24,562 during 2012. The increase in fund balance is attributable to \$562,869 of capital projects that were completed during the year including \$57,138 of costs for the cemetery.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

FINANCIAL ANALYSIS OF THE SERVICE AGENCY AS A WHOLE

Net Position. The Service Agency's combined net position for 2012 were \$21,834,164. (See table 1)

Table 1
Stansbury Service Agency of Tooele County Net Assets

	Governmental Activities		Percentage Change
	2011	2012	
ASSETS			
Total Current Assets	\$ 1,488,523	1,794,465	20.55%
Non Current Assets:			
Property, plant and equipment (net of accumulated depreciation)	<u>19,722,079</u>	<u>20,150,618</u>	2.17%
Total Assets	<u>\$ 21,210,602</u>	<u>\$ 21,945,083</u>	3.46%
LIABILITIES			
Total Current Liabilities	\$ 88,199	110,919	25.76%
Non Current Liabilities:			
Long-term Debt	<u>-</u>	<u>-</u>	
Total Liabilities	<u>88,199</u>	<u>110,919</u>	25.76%
NET POSITION			
Investment in capital assets (net of related debt)	\$ 19,722,079	\$ 20,150,618	2.17%
Restricted For:			
Impact Fees	441,808	429,150	-2.87%
Unrestricted:	<u>958,516</u>	<u>1,254,396</u>	30.87%
Total Net Position	<u>21,122,403</u>	<u>21,834,164</u>	3.37%
Total Net Position and Liabilities	<u>\$ 21,210,602</u>	<u>\$ 21,945,083</u>	3.46%

A portion of the net position is either restricted as to the purposes they can be used for or they are invested in capital assets. Unrestricted net position may be used to fund Service Agency programs in the next fiscal year. However, this does not mean that the Service Agency has significant surplus resources available to pay its bills next year. Rather it is the result of having long-term commitments that are currently less than available resources. The balance has remained similar to the prior years.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

Table 2
Stansbury Service Agency of Tooele County Changes in Net Position

	Governmental Activities		Percentage Change
	2011	2012	
REVENUES			
Program revenues			
Charges for services	\$ 91,446	\$ 106,447	16.40%
Capital grants and contributions	416,915	456,980	9.61%
General revenues			
Property taxes – general	824,502	1,035,697	25.61%
Interest allocated to impact fees	2,095	3,271	56.13%
Interest	6,347	6,739	6.18%
Loss on disposal of equipment	-	-	
Total Revenues	<u>1,341,305</u>	<u>1,609,134</u>	19.97%
Expenses			
General government	241,877	256,783	6.16%
Park	202,622	212,530	4.89%
Clubhouse	67,168	80,151	19.33%
Pool	86,099	104,374	21.23%
Golf course	37,109	67,503	81.91%
Lake	41,418	45,723	10.39%
Greenbelt	116,718	130,309	11.64%
Interest on long-term debt	<u>24</u>	<u>-</u>	-100.00%
Total Expenses	<u>793,035</u>	<u>897,373</u>	13.16%
Increase in net assets	548,270	711,761	29.82%
Net position – beginning	<u>20,574,133</u>	<u>21,122,403</u>	2.66%
Net position – ending	<u>\$ 21,122,403</u>	<u>\$ 21,834,164</u>	3.37%

The total of all program revenues and general revenues was \$1,609,134 for the year. General property tax was \$1,035,697 for the year. The total of all program expenses was \$897,373 for the year.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2012

General Fund Budgetary Highlights

- Over the course of the year the Service Agency did revise its budget.
- The general fund budgeted expenses were \$796,693 and actual expenses were \$652,544, which resulted in a positive budgetary variance of \$144,149.
- The capital projects fund budgeted expenses were \$760,000 and actual expenses on the budgetary basis were \$562,869, which resulted in a positive budgetary variance of \$197,131.
- The service Agency has a liability to Tooele County of \$10,544 for property taxes for Debt Service revenue collected more than was paid for debt service expenses. The over collected debt service revenue for prior years needs to be approved for general purposes of the Agency by holding a public hearing during the next year. The liability will be recorded as property tax revenue after the public hearing. This liability is included in the accrued expenses liability.
- Capital assets purchased for the year were \$674,994. The major components of these additions were:
 - Clubhouse improvements - \$9,036
 - 28 Acre Park construction costs - \$371,041
 - Golf course relining - \$123,864
 - Cemetery improvements - \$167,638
- There was no additional debt incurred.

Economic Factors and Next Year's Budgets

- Property tax revenues are increasing due to increased value.
- Impact fee revenues are increasing due to increases in new home construction.

These indicators were taken into account when adopting the budgets for 2013.

Contacting the Service Agency's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Stansbury Service Agency of Tooele County's finances and to demonstrate the Service Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Stansbury Service Agency, 1 Country Club, Suite 1, Stansbury Park, UT 84074, phone 435-882-6188.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2012

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents - unrestricted	\$ 957,791
Cash and cash equivalents - restricted	370,128
Property taxes receivable	358,743
Other governmental entity - impact fees receivable	72,900
Other receivables	34,903
Total current assets	1,794,465
Capital assets:	
Land and construction in progress	17,749,619
Other capital assets, net of depreciation	2,400,999
Total capital assets:	20,150,618
Total Assets	21,945,083
LIABILITIES	
Current liabilities:	
Accounts payable	77,069
Accounts payable from restricted assets	13,878
Accrued expenses	19,972
Total current liabilities	110,919
NET POSITION	
Net investment in capital assets	20,150,618
Restricted for:	
Impact fees	429,150
Unrestricted	1,254,396
Total net position	\$ 21,834,164

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

<u>Functions/Programs</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Capital Grants and Contributions</u>
	<u>Governmental Activities</u>	<u>Governmental Activities</u>	<u>Governmental Activities</u>
Governmental activities:			
General government	\$ 256,783	\$ 10,236	\$ (196,547)
Park	212,530	-	22,055
Clubhouse	80,151	31,925	(48,226)
Pool	104,374	39,598	(64,776)
Golf course	67,503	24,688	19,080
Lake	45,723	-	(45,723)
Greenbelt	130,309	-	(130,309)
Cemetery	-	-	110,500
Interest on long-term debt	-	-	-
Total governmental activities	897,373	106,447	(333,946)
General revenues			
Property taxes - general			1,035,697
Interest allocated to impact fees			3,271
Interest			6,739
Total general revenues			1,045,707
Change in net position			711,761
Net position - beginning			21,122,403
Net position - ending			\$ 21,834,164

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

ASSETS	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Cash and cash equivalents - unrestricted	\$ 365,154	\$ 592,637	\$ 957,791
Cash and cash equivalents - restricted	-	370,128	370,128
Property taxes receivable	358,743	-	358,743
Other governmental entity - impact fees receivable	-	72,900	72,900
Other receivables	<u>4,734</u>	<u>30,169</u>	<u>34,903</u>
 Total assets	 <u>\$ 728,631</u>	 <u>\$ 1,065,834</u>	 <u>\$ 1,794,465</u>
 LIABILITIES			
Accounts payable	\$ 77,069	\$ -	\$ 77,069
Accounts payable from restricted assets	-	13,878	13,878
Accrued expenses	<u>19,972</u>	<u>-</u>	<u>19,972</u>
 Total current liabilities	 <u>97,041</u>	 <u>13,878</u>	 <u>110,919</u>
 FUND BALANCES			
Restricted	-	429,150	429,150
Assigned	-	622,806	622,806
Unassigned	<u>631,590</u>	<u>-</u>	<u>631,590</u>
 Total fund balances	 <u>631,590</u>	 <u>1,051,956</u>	 <u>1,683,546</u>
 Total current liabilities and fund balances	 <u>\$ 728,631</u>	 <u>\$ 1,065,834</u>	 <u>\$ 1,794,465</u>

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2012

Total governmental funds balances	\$ 1,683,546
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>20,150,618</u>
Net position of governmental activities	<u>\$ 21,834,164</u>

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Revenues			
Impact fees	\$ -	\$ 234,585	\$ 234,585
Property taxes	1,035,697	-	1,035,697
Capital grants	-	111,895	111,895
Charges for services	81,759	-	81,759
Rental income	24,688	-	24,688
Interest allocated to impact fees	-	3,271	3,271
Interest	<u>6,740</u>	<u>-</u>	<u>6,740</u>
Total revenues	<u>1,148,884</u>	<u>349,751</u>	<u>1,498,635</u>
Expenditures			
Current:			
General government	197,758	-	197,758
Park	118,843	-	118,843
Clubhouse	71,883	-	71,883
Pool	94,193	-	94,193
Golf course	30,606	-	30,606
Lake	37,564	-	37,564
Greenbelt	101,697	-	101,697
Capital outlay:			
Park	-	371,041	371,041
Clubhouse	-	9,036	9,036
Golf course	-	123,864	123,864
Cemetery	-	57,138	57,138
Greenbelt	<u>-</u>	<u>1,790</u>	<u>1,790</u>
Total expenditures	<u>652,544</u>	<u>562,869</u>	<u>1,215,413</u>
Excess of revenues over expenditures	<u>496,340</u>	<u>(213,118)</u>	<u>283,222</u>
Other financing sources (uses)			
Transfers in	-	237,680	237,680
Transfers out	<u>(237,680)</u>	<u>-</u>	<u>(237,680)</u>
Total other financing sources (uses)	<u>(237,680)</u>	<u>237,680</u>	<u>-</u>
Net change in fund balance	258,660	24,562	283,222
Fund balance beginning of year	<u>372,930</u>	<u>1,027,394</u>	<u>1,400,324</u>
Fund balance end of year	<u>\$ 631,590</u>	<u>\$ 1,051,956</u>	<u>\$ 1,683,546</u>

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012

Excess of revenues over expenditures - governmental funds \$ 283,222

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

428,539

Change in net position of governmental activities

\$ 711,761

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL GOVERNMENT
FOR THE YEAR ENDED DECEMBER 31, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 827,638	\$ 957,873	\$ 1,035,697	\$ 77,824
Charges for services	52,500	52,500	81,759	29,259
Rental income	20,000	20,000	24,688	4,688
Interest	4,000	4,000	6,740	2,740
Total revenues	<u>904,138</u>	<u>1,034,373</u>	<u>1,148,884</u>	<u>114,511</u>
Expenditures				
Current:				
General government	459,260	490,260	197,758	292,502
Park	85,208	91,208	118,843	(27,635)
Clubhouse	68,000	71,000	71,883	(883)
Pool	73,725	74,225	94,193	(19,968)
Golf course	20,000	25,000	30,606	(5,606)
Lake	22,000	25,000	37,564	(12,564)
Greenbelt	20,000	20,000	101,697	(81,697)
Total expenditures	<u>748,193</u>	<u>796,693</u>	<u>652,544</u>	<u>144,149</u>
Excess of revenues over expenditures	155,945	237,680	496,340	258,660
Other financing sources (uses)				
Transfers out	<u>(155,945)</u>	<u>(237,680)</u>	<u>(237,680)</u>	<u>-</u>
Total other financing sources (uses)	<u>(155,945)</u>	<u>(237,680)</u>	<u>(237,680)</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>258,660</u>	<u>258,660</u>
Fund balance beginning of year	<u>372,930</u>	<u>372,930</u>	<u>372,930</u>	<u>-</u>
Fund balance end of year	<u>\$ 372,930</u>	<u>\$ 372,930</u>	<u>\$ 631,590</u>	<u>\$ 258,660</u>

The accompanying notes are an integral part of these financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1. SUMMARY OF ACCOUNTING POLICIES

Stansbury Service Agency of Tooele County (the Agency), was created in 1992 by an Interlocal Agreement between Stansbury Recreation Service Area of Tooele County and Stansbury Greenbelt Service Area of Tooele County, both political subdivisions of the State of Utah created by authority of the Utah County Service Area Act, Code 17A-2-401. The Agency is a separate entity of government and, as such, is subject to providing Greenbelt and Recreation services to the Stansbury Park area. The Board members are elected by vote of Stansbury Park property owners.

The Agency's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America for governmental units as prescribed by the Governmental Accounting Standards Board (GASB) and other authoritative sources. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

The more significant of the government's accounting policies are described below.

A. The Reporting Entity

The Agency follows the standards promulgated by GASB Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, to define the reporting entity. The financial statements include all operations over which the Agency is financially accountable. The Agency is not a participant in any joint venture and has not identified any entities which would be component units of the Agency.

The Agency is not a component unit of Tooele County.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the Agency's activities. The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they become available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenses are recorded when liabilities are incurred.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term debt of the Agency are reported as a reduction of the related liability, rather than an expenditure.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures are recorded only when payment is due.

Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period.

The accounts of the Agency are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (continued)

USE OF RESTRICTED FUNDS

When both restricted and unrestricted (committed, assigned, or unassigned) resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed. The order in which unrestricted resources are expended is in the following order: 1) committed, 2) assigned and 3) unassigned.

The Agency reports the following major governmental funds:

GENERAL FUND

The General Fund is the general operating fund of the Agency. It is used to account for all financial resources except those required to be accounted for in another fund.

CAPITAL PROJECTS FUND

The capital projects fund is used to account for resources to be used for capital projects.

D. Other Accounting Policies

Encumbrance accounting is not maintained by the Agency. Due to the size of the Agency, maintaining files is considered adequate to keep track of purchase orders, contracts, and other commitments. The Agency recognizes a liability for accumulated unpaid vacation for eligible employees. As of December 31, 2012, the liability was \$2,146.

E. Impact Fees

The Agency imposes impact fees for the development of open space, trails, recreation facilities and parks for the Stansbury Park area. The Agency adopted a capital facilities plan to determine the construction costs for calculating the amount of the impact fees. The Agency accounts for all impact fees by depositing them into a separate interest bearing account.

Impact fees amounting to \$234,585 were recognized in revenue and \$72,900 were available at Tooele County Assessor but not yet remitted as of December 31, 2012.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

E. Impact Fees

For the year ended December 31, 2012, the Agency expended \$246,895 for capital improvements from impact fees. The Agency is required to refund all impact fees, plus interest, if they have not expended the collected impact fees according to the capital facilities plan within six years of their receipt. The Agency is not liable for any refunds at December 31, 2012.

G. Budgets and Budgetary Accounting

The Agency follows these procedures in establishing the budgetary date reflected in the financial statements:

1. By the first regular scheduled board meeting in November, a proposed operating budget is submitted for the year commencing the following January 1st. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. By December 15th, the budget is legally enacted through passage of an ordinance.
4. The Board approves, by ordinance, total budget appropriations only. The Treasurer is authorized to transfer budget amounts between line items within the fund; however, any revisions that alter the total appropriations of any fund must be approved by the Board. The Agency must hold a hearing to alter the total expenditures of the general fund. Therefore, the level of budgetary responsibility is total appropriations; however, for report purposes, this level has been expanded to a functional basis.
5. Unused appropriations for all of the above annually budgeted funds lapse at the end of year.
6. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 1. SUMMARY OF ACCOUNTING POLICIES (Continued)

H. Estimates and Assumptions

The Agency uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

I. Property Tax Calendar

Property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on June 15th and are due November 30th.

J. Risk Management

The Agency purchases insurance from an independent carrier to provide worker's compensation coverage and general liability and property insurance. There were no significant reductions in insurance coverage from the prior year.

NOTE 2. CASH AND CASH EQUIVALENTS

The Agency considers all highly liquid investments (including restricted assets) with a maturity when purchased of three months or less and all local government investment pools to be cash equivalents. Following are the components of the Agency's cash and investments at December 31, 2012:

Cash and cash equivalents - unrestricted	\$ 957,791
Cash and cash equivalents - restricted	<u>370,128</u>
 Total	 <u>\$ 1,327,919</u>

Deposits

At December 31, 2012, the carrying amount of the Agency's deposits was \$15,727 and the bank balance was \$15,913, the full balance is under the \$250,000 covered by the NCUA. Deposits are not collateralized nor are they required to be by state statute. However, the State Commissioner of Financial Institutions monitors financial institutions and establishes limits for deposit of public money at individual financial institutions, and the Agency follows these recommendations.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 2. CASH AND CASH EQUIVALENTS (Continued)

The Agency follows the requirements of the Utah Money Management Act (Utah Code Annotated 1953, Section 51, Chapter 7) in handling its depository and temporary investment transactions. This law requires the deposit of Agency funds in a “qualified depository”. The Act defined a “qualified depository” as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Investment

At December 31, 2012, the Agency’s investments balances were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
Utah Public Treasurer’s Investment Fund	\$1,312,191	N/A	Unrated

Interest Rate Risk. The Agency has no policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Agency invests in the Utah Public Treasurer’s Investment Fund which is short term.

Credit Risk. The Agency has no policy regarding credit risk. The investment in the Utah Public Treasurer’s Investment Fund is unrated. These monies are invested primarily in money market securities.

Custodial Credit Risk. For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Agency will not be able to recover the value of its investments that are in the possession of an outside party. To limit its exposure to this risk, the Agency tries to limit its deposits in each depositor to the FDIC or NCUA insured limits.

Concentration of Credit Risk. The Agency places no limit on the amount that the Agency may invest in any one issuer. The Agency has no concentration of credit risk.

The Utah Public Treasurer’s Investment Fund (UPTIF) is an external deposit and investment pool wherein governmental entities are able to pool the monies from several entities to improve investment efficiency and yield. These monies are invested primarily in money market securities and contain no withdrawal restrictions. As such, the monies invested in this fund are not insured and are subject to the same market risks as any similar investment in money market funds. The Fund is not SEC registered nor is it rated. The fair value of the Agency’s position in the fund is the same as the value of the fund shares.

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 2. CASH AND CASH EQUIVALENTS (Continued)

Restricted Assets

Capital Projects Fund – The restricted cash of \$370,128 consists of reserves from impact fees received and funds for construction to be used only for the purpose defined by contract or under legal provisions.

NOTE 3. SUMMARY OF CHANGES IN FIXED ASSETS

The Agency used the straight line method of depreciation over estimated lives of three to twenty-five years. Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. For the year ended December 31, 2012, depreciation expense was \$246,455. A summary of the fixed assets is as follows:

	<u>12/31/11</u>	<u>Additions</u>	Disposals/ <u>Reclass</u>	<u>12/31/12</u>
Capital assets not being depreciated				
Land	\$ 15,024,468	\$ 110,500	\$ -	\$ 15,134,968
Construction in progress	2,186,472	428,179	-	2,614,651
Total capital assets not being depreciated	<u>17,210,940</u>	<u>538,679</u>	-	<u>17,749,619</u>
Capital assets being depreciated:				
Land Improvements	156,939	-	-	156,939
Greenbelt improvements	516,664	1,790	-	518,454
Buildings	790,814	1,186	-	792,000
Building improvements	30,959	7,850	-	38,809
Equipment and vehicles	580,129	1,625	-	581,754
Parks	1,520,716	-	-	1,520,716
Recreation facilities	6,261,621	123,864	-	6,385,485
Total capital assets being depreciated	<u>9,857,842</u>	<u>136,315</u>	-	<u>9,994,157</u>
Less: Accumulated depreciation	<u>(7,346,703)</u>	<u>(246,455)</u>	-	<u>(7,593,158)</u>
 Total capital assets being depreciated, net	 <u>2,511,139</u>	 <u>(110,140)</u>	 -	 <u>2,400,999</u>
 Capital assets, net	 <u>\$ 19,722,079</u>	 <u>\$ 428,539</u>	 <u>\$ -</u>	 <u>\$ 20,150,618</u>

Depreciation is reported in the following functions:

General government	\$ 60,651
Park	93,687
Clubhouse	8,268
Pool	10,181
Golf course	36,897
Lake	8,159
Greenbelt	<u>28,612</u>
	<u>\$ 246,455</u>

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

NOTE 4. GOVERNMENTAL FUND BALANCE CLASSIFICATIONS AND RESTRICTED NET POSITION

\$429,150 is reported as restricted net position in the government-wide statement of activities and restricted fund balance in the capital projects fund. This is the amount of impact fees collected and not yet expended. All of the restricted net position is restricted by enabling legislation. The capital projects fund also reports \$567,503 of assigned fund balance, which is the amount set aside by the Board of Trustees, for future projects. The Board of Trustees is the highest level of authority within the Agency. Formal Board resolution is required to commit Agency funds.

NOTE 5. INTERFUND BALANCES

During the year ended December 31, 2012, the Board of Trustees approved a transfer of \$182,377 from the general fund to the capital projects fund. This transfer is for the purpose of funding future capital projects.

NOTE 6. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the auditor's report date, which is the date the financial statements were available to be issued. There were no subsequent events to disclose.

**STANSBURY SERVICE AGENCY
OF TOOELE COUNTY**

SUPPLEMENTAL REPORTS

DECEMBER 31, 2012



Keddington & Christensen, LLC
Certified Public Accountants

**STANSBURY SERVICE AGENCY
OF TOOELE COUNTY**

SUPPLEMENTAL REPORTS

DECEMBER 31, 2012

**STANSBURY SERVICE AGENCY OF TOOELE COUNTY
SUPPLEMENTAL REPORTS
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Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Brent E. Christensen, CPA
Phyl R. Warnock, CPA

**REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Trustees
Stansbury Service Agency of Tooele County

We have audited the financial statements of the governmental activities and each major fund of Stansbury Service Agency of Tooele County (the Agency) as of and for the year ended December 31, 2012, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated June 11, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying *Schedule of Findings and Recommendations* that we consider to be significant deficiencies in internal control over financial reporting (1 and 2). A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stansbury Service Agency of Tooele County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Agency's response to the findings identified in our audit is described in the accompanying *Schedule of Findings and Recommendations*. We did not audit the Agency's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

Keddington & Christensen

June 11, 2013



Keddington & Christensen, LLC
Certified Public Accountants

Gary K. Keddington, CPA
Brent E. Christensen, CPA
Phyl R. Warnock, CPA

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE IN ACCORDANCE WITH THE
STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE**

Board of Trustees
Stansbury Service Agency of Tooele County

We have audited Stansbury Service Agency of Tooele County's compliance with general compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended December 31, 2012. The general compliance requirements applicable to the Agency are identified as follows:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth in Taxation & Property Tax Limitations
- Special Service and Local Districts
- Other General Compliance Issues
- Impact Fees
- Fund Balance Limitation

The Agency did not receive any major or nonmajor State grants during the year ended December 31, 2012.

Compliance with the requirements referred to above is the responsibility of the Agency's management. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the general compliance requirements identified above. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Agency's compliance with those requirements.

In our opinion, Stansbury Service Agency of Tooele County complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2012.

This report is intended solely for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record and its distribution is not limited.

Keddington & Christensen

June 11, 2013

STANSBURY SERVICE AGENCY OF TOOELE COUNTY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
December 31, 2012

SIGNIFICANT DEFICIENCIES

1. SEGREGATION OF DUTIES – CASH RECEIPTING AND DEPOSITING

Finding:

We noted that cash receipts are receipted and deposited by the office manager with no independent verification or review. This segregation of duties weakness creates the risk that funds could be misappropriated and go undetected.

This weakness is due to the limited resources of the Agency to have a different individual perform each aspect of the cash receipting function.

Recommendation:

We recommend that Agency continue to maintain the quality of records observed during our audit, and improve any areas we have mentioned in the findings and recommendations. We realize that it may not be in the Agency's best interest to hire enough staff to correct this problem. Therefore, the Agency should continue to implement controls designed to prevent or detect these types of problems, as it has in the past. Such as, having the board members look at the financial records during their meetings etc. This will provide adequate documentation and accountability of the Agency's revenues and expenditures which will help compensate for the lack of segregation of duties.

Agency's Response:

The Agency agrees with the finding and will consider additional procedures to address the finding.

2. SEGREGATION OF DUTIES – CASH DISBURSEMENTS

Finding:

We noted that the office manager writes checks, mails checks, is a check signor, and reconciles the bank accounts. In addition, there is no review of the bank reconciliations. This segregation of duties weakness creates the risk of unauthorized disbursements being made and going undetected, as well as increases the risk that misstatements could occur and not be discovered.

This weakness is due to the limited resources of the Agency to have a different individual perform each aspect of the cash disbursement function.

Recommendation:

We recommend that Agency continue to maintain the quality of records observed during our audit, and improve any areas we have mentioned in the findings and recommendations. We realize that it may not be in the Agency's best interest to hire enough staff to correct this problem. Therefore, the Agency should continue to implement controls designed to prevent or detect these types of problems, as it has in the past. Such as, having two signers on all disbursements, having the board members look at the financial records during their meetings etc. This will provide adequate documentation and accountability of the Agency's revenues and expenditures which will help compensate for the lack of segregation of duties.

Agency's Response:

The Agency agrees with the finding and will consider additional procedures to address the finding.

**STANSBURY SERVICE AGENCY OF TOOELE COUNTY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS (Continued)
December 31, 2012**

STATE LEGAL COMPLIANCE – Immaterial Instances of Noncompliance

None noted